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RUEHLO/AMEMBASSY LONDON PRIORITY 4963  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 0944  
RUEHCI/AMCONSUL KOLKATA PRIORITY 3097  
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000304

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TAGS: [PGOV](#) [PTER](#) [NP](#)

SUBJECT: NEPAL: GOVERNMENT FIDDLES WHILE TERA I BURNS

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Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

Summary

1. (C) On February 4, Dr. Suresh Chalise, the Prime Minister's Foreign Policy Advisor, requested suggestions from Post on a solution to the unrest in the Terai. Chalise stressed in a meeting with the DCM on February 5 that the government was worried about the growing unrest but had a plan to solve it. In the same breath, Chalise claimed that the Government of Nepal (GON) did not know what the Madhesi protestors wanted or how to proceed. The same day, Dr. Shekhar Koirala, the Prime Minister's nephew and close advisor, did not disagree when Emboff suggested that the Home Minister's resignation would be a step forward in resolving the problem. Dr. Koirala also said that the Prime Minister felt that if he gave another speech on the Terai problem and the other political parties did not support him, he might have no choice but to resign. In a subsequent meeting on February 6, Chalise told the DCM that the Prime Minister would address the nation soon. Chalise asked again for more information on how the PM could frame the speech successfully and what Post saw as the defining features of a "new Nepal."

Chalise--Request For Input On The Terai

2. (C) Dr. Suresh Chalise, Foreign Policy Advisor to Prime Minister Girija Prasad Koirala, asked the DCM on February 4 for suggestions on how to solve the current unrest in the Terai. In a conversation the next day, Chalise stressed that the GON was greatly concerned about the growing unrest in the Terai but had a plan for how to solve it. However, in the same breath, Chalise made it clear that the GON did not understand what the Madhesi rights activists wanted, and what the government could do to fulfill their demands. He also claimed that the GON did not know with whom to engage among the Madhesi leaders. The DCM stated that direct engagement was important (with a broad cross-section of the leaders of the Madhesi movement), and that this was an opportunity for the GON to show it was serious about creating a democracy in Nepal in which all Nepalis had a stake.

13. (C) In a separate discussion on February 5, Dr. Shekhar Koirala, Central Committee Member of the Nepali Congress and a close advisor -- and nephew -- of the Prime Minister, agreed with Emboff that the resignation of Home Minister Krishna Prasad Sitaula could be a good first step toward a solution to the problems facing the Terai. Chalise had earlier told the DCM as well that he understood that the Home Minister's resignation would significantly ease tensions, since that was one of the main demands of the Madhesi protestors. On February 6, Chalise implied that the Prime Minister might announce the resignation of the Home Minister soon, perhaps even as early as that evening. (Sitaula, in an interview with a local television station that day, stated that he would not be resigning.)

Chalise--Request for Input On A "New Nepal"

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14. (C) In response to Chalise's request for suggestions, Post provided initial suggestions for solutions to the unrest in the Terai, including specific references to Madhesis killed and Government compensation for their families as well as Prime Minister-led round tables in regional capitals and Kathmandu with a cross-section of society. Chalise again approached the DCM a second time February 6 for more input on the defining features of a "new Nepal." Chalise told the DCM that the PM was planning to give a speech either later on that evening or the morning of February 7 and wanted additional suggestions. The DCM shared some thoughts on inclusive democracy and dialogue with all disadvantaged groups, not just with the Madhesis, as an opportunity for the GON to broaden the debate and move toward a more inclusive process in the run-up to the Constituent Assembly elections.

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Although at the beginning of the meeting Chalise made it clear that the PM planned to give a similar speech to last week's failed attempt to solve the problem, by the end of the meeting, the DCM appeared to have convinced the PM's advisor that it would take something more inclusive and specific to ease the tensions in the Terai. According to Dr. Koirala in a separate conversation, if the other political parties had the same negative reaction to the PM's speech that they had to his last one, the PM might have no choice but to resign.

Comment

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15. (C) Prime Minister Koirala seems either unaware of the gravity of the situation in the Terai or somehow unwilling to overcome the usual Nepali pattern of partial solutions announced with little consultation. While some of his advisors are doing whatever they can to convince him to do the right thing, others including the Maoists and groups with vested interest in the status quo, are no doubt pulling him in different directions. The PM still has a chance to defuse the tensions in the Terai and avoid the possibility of a divided nation. Furthermore, if he broadens the debate to include the demands of all disadvantaged groups, he could lay the groundwork for an inclusive multi-party democracy that would truly represent a new Nepal.

MORIARTY